

J. Are the LECs' Relocation Provisions Reasonable?⁵⁹

1. LECs are to Describe Their Policy Regarding Advance Notice to Interconnectors That the LEC Intends to Relocate the Interconnector's Space or Equipment. LECs Without Any Notice Provision Should Explain Why.⁶⁰

While there is no need to include a specific policy in the tariff regarding advance notice to the interconnector that the LEC intends to relocate the interconnector's space or equipment, six months advance notice would be adequate if SWBT is required to insert such tariff language. SWBT does not currently have wording describing this unusual situation for its access services customers and has had no reason to include this wording in the past. SWBT will work cooperatively with each interconnector, as it does with its customers, to determine reasonable notification requirements. (See, Section 2.1.4 of SWBT's Access Tariff).

2. LECs are to Describe the Conditions Under Which They Will Require That an Interconnector's Space or Equipment Be Moved and Justify Why Such a Provision is Reasonable.⁶¹

Although rare, following are examples of situations in which an LEC could require that an interconnector's space or equipment be moved:

- 1) Catastrophic events such as fires, floods, etc.
- 2) Consolidation of Bridging and Hubbing office
- 3) Change of an office to remote

These situations are just examples; it would be difficult, if not impossible, to list all possible conditions in the tariff.

⁵⁹ Designation Order at p. 32.

⁶⁰ Designation Order at p. 33.

⁶¹ Designation Order at p. 33.

3. LECs are to Specify the Conditions Under Which They Will or Will Not Charge the Interconnector for the Relocation of the Interconnector's Facilities.⁶²

SWBT specifies in its Tariff at Section 25.2(B)(1) that it will be responsible for preparation of new space at no charge to the interconnector when SWBT determines it is necessary to relocate the interconnectors facilities. (See, Subsection J.2. supra).

- K. Are the LECs' Insurance Provisions Reasonable?⁶³

1. LECs are to Justify the Level of Insurance Required by Their Tariffs.⁶⁴

The insurance requirements of SWBT concerning expanded interconnection are no more excessive or onerous than those imposed by SWBT on other entities. The same requirements have been in place since August, 1987 and can be found in SWBT's Operating Practices. These requirements apply equally to everyone who conducts any type of work operation on SWBT's premises.

2. LECs That Do Not Allow Interconnectors to Self-Insure Under Any Circumstances are to Explain the Reasons For Their Policy.⁶⁵

As noted by the Designation Order, SWBT will consider allowing interconnectors to self insure.⁶⁶ This decision will be made on a case-by-case basis.

⁶² Designation Order at p. 33.

⁶³ Designation Order at p. 33.

⁶⁴ Designation Order at pp. 35-36.

⁶⁵ Designation Order at p. 36.

⁶⁶ Designation Order at para. 59.

3. LECs That Require Interconnectors to Use Underwriters With Particular Rating Levels are to Explain Why.⁶⁷

As stated in SWBT's Reply Comments⁶⁸, SWBT's requirements are not greater than those imposed on contractors performing central office work operations, for or on SWBT's behalf. The A.M. Best Rating of A+VII is required because of the continuous nature of interconnectors' operations and access to SWBT's premises by interconnectors' subcontractors, thus increasing the potential for loss or damage.

4. LECs Requiring Proof That an Interconnector's Insurance is Effective at a Certain Time are to Explain Why.⁶⁹

SWBT requires proof that an interconnector has obtained insurance because insurance is a mechanism to ensure SWBT that the interconnector is financially capable to put SWBT in a pre-loss condition if SWBT's property is damaged, or its employees are injured as a result of interconnectors' operations.

⁶⁷ Designation Order at p. 36.

⁶⁸ See, SWBT's Reply Comments In the Matter of Southwestern Bell Telephone Company, Tariff FCC No. 73, Transmittal No. 2260, filed April 5, 1993.

⁶⁹ Designation Order at p. 36.

L. Are the LECs' Liability Provisions Reasonable?⁷⁰

1. LECs are to Explain Why Tariff Language Concerning an Interconnector's Right of Action Against a LEC For Negligence, gross negligence, willful conduct, or intentional harm, is Reasonable.⁷¹

Section 2 of SWBT's Tariff F.C.C. No. 73 contains rules and regulations pertaining to its customers for access services. (See 2.1.3, Liability of SWBT's Tariff) This language applies to both interconnectors and SWBT's access customers alike.⁷²

M. Are the LECs' Provisions Regarding Whether to Bill From Their State or Interstate Expanded Interconnection Tariffs Reasonable?⁷³

1. LECs are to Discuss Whether the Use of the Ten Percent Rule to Determine the Jurisdictional Nature of the Service is Reasonable. How Should the Ten Percent Rule Apply to Collocation Tariffs.⁷⁴

SWBT's tariff (See, Section 2.4.2 Certification Requirements) specifies that expanded interconnection should be classified as interstate when it carries more than ten percent interstate traffic. This treatment is consistent with the way Special Access lines (including High Capacity (DS1) services and MegaLink Custom Services (DS3s)) are treated in accordance with Section 36.154(a) of the Commission's Rules. Since Special Access services are the only services to which Expanded Interconnection

⁷⁰ Designation Order at p. 36.

⁷¹ Designation Order at p. 37.

⁷² The current language in SWBT's tariff arises from the language analyzed in CC Docket No. 83-1145. See, Investigation of Access and Divestiture Related Tariffs (Part 1 of 2) 97 F.C.C. 2d 1082 (1984) at Appendix D.

⁷³ Designation Order at p. 38.

⁷⁴ Designation Order at p. 38.

applies, the use of the ten percent threshold is consistent with the Commission's rules.

N. Are the LECs' Provisions Regarding Letters of Agency Reasonable?⁷⁵

1. Is it Reasonable For LECs to Refuse to Honor Letters of Agency Allowing an Interconnector's Customers to Negotiate Services With a LEC on the Interconnector's Behalf?⁷⁶
2. Should LECs State in Their Tariffs That They Will Accept an Order for End-to-End Service Which Includes a Request to Install the Cross-Connect to the Interconnector's Space, When the Order is Placed by an Interconnector's Customer Using a Letter of Agency From the Interconnector. Parties are to Explain Their Answers.⁷⁷

In response to the above two issues, SWBT has no wording concerning Letters of Agency (LOAs) in its tariff. However, SWBT currently honors LOAs when submitted by its end user customers allowing IXCs to order for them. In these situations, the end user is billed for the access services ordered on its behalf by the IXC.

Should interconnectors request their end user customers to provide SWBT with an LOA requesting SWBT to install the interconnection cross connects along with requested access services, there should be no change in existing procedures. SWBT would bill the interconnector the charges for the access services ordered on their behalf by the end user customer including the interconnection cross connect charge.

⁷⁵ Designation Order at p. 39.

⁷⁶ Designation Order at p. 40.

⁷⁷ Designation Order at p. 40.

SWBT has not included specific tariff wording on LOA procedures in the past and has no reason to do so for expanded interconnection.

3. Should LEC Tariffs State That They Will Bill Charges For the Special Access Cross-Connect Rate Elements and Subtending End-Link Services to Third Parties Specified by the Customers When Ordering the Services.⁷⁸

This issue is covered in subsection N.2, supra.

0. Are the LEC Provisions Regarding Inspections of Interconnectors Space and Facilities Reasonable?⁷⁹

1. LECs are to Explain Their Provisions Governing Inspection of Interconnectors' Space and Facilities, Including Who Must Pay For Such Inspections.⁸⁰

As discussed in the Designation Order, Section 25.2(B)(1)(g) of SWBT's Expanded Interconnection tariff provides for inspections of the interconnector's partitioned space. The interconnector is not required to pay for such inspections. The only instance in which any additional costs would be imposed on the interconnector is if any violation (safety or network) is found and the interconnector must incur costs to remedy the situation. Additional provisions regarding inspection of the interconnector's partitioned space are contained in the Expanded Interconnection Technical Publication for Collocation with SWBT, Issue 1, June 1993, Section 4.B.2.4 (attached as Appendix 4). This treatment is also consistent with the treatment of outside vendor installations

⁷⁸ Designation Order at p. 40.

⁷⁹ Designation Order at p. 40.

⁸⁰ Designation Order at p. 42.

as provided in SWBT's Installation Guide TP 76300 for protection of building and equipment security.

2. Should LECs be Permitted to Include Provisions Regarding the Payment of Taxes and Similar Assessments by Interconnectors?⁸¹

a. Any LEC With Such a Provision is to Explain Why it is Reasonable.⁸²

SWBT's Expanded Interconnection tariff does not have such a provision.


II. CONCLUSION.

For the foregoing reasons, SWBT respectfully requests that the Bureau end the investigation and suspension of SWBT's expanded interconnection tariffs and allow them to take effect as originally filed, adjusted by GSF reallocation.

Respectfully submitted,

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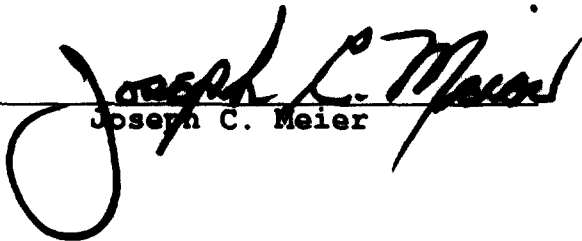
August 20, 1993

⁸¹ Designation Order at p. 43.

⁸² Designation Order at p. 43.

CERTIFICATE OF SERVICE

I, Joseph Meier, hereby certify that the foregoing "Direct Case of Southwestern Bell Telephone, In CC Docket No. 93-162, has been served this 20th day of August, 1993 to the Parties of Record.


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August 20, 1993

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TARIFF REVIEW PLAN
FOR
EXPANDED INTERCONNECTION

**SUPPLEMENTAL PAGES
FOR TARIFF REVIEW PLAN**

**CLASSIFICATION OF EXPANDED INTERCONNECTION (COLLOCATION) INITIAL
CONSTRUCTION AND NONRECURRING TARIFF PAYMENT AMOUNTS**

All collocation initial construction amounts will be charged to the appropriate plant account field reporting code (FRC) or function code (FC) associated with the activity performed (e.g., 10C, 357C). In addition, a unique Custom Work Order (CWO) number will be charged for each central office. The CWO number will drive these initial construction charges to control Account 9708.3, Custom Work - Construction for Expanded Interconnection. The nonrecurring tariff payments corresponding with collocation initial construction will be credited to Account 9708.3 and the CWO number for the appropriate central office.

Because a fixed tariff price will be charged, gains and losses will result at individual central offices. When all requests for collocation at a given central office have been constructed and billed, that CWO will be closed and the gain or loss transferred to Account 7160.4, Other Operating Gains and Losses - Completed Construction for Expanded Interconnection.

Therefore, Account 9708.3 will reflect the net of initial construction costs and nonrecurring reimbursements at all central offices with collocation initial construction activities in progress, and Account 7160.4 will reflect the net gain or loss for all central offices with completed collocation initial construction activities.

The rationale for Part 32 Section 32.2000(2) (the general section for the 2XXX plant accounts) states, "Contributions in the form of money or its equivalent toward the construction of telecommunications plant shall be credited to the accounts charged with the cost of such construction. Amounts of nonrecurring reimbursements based on the cost of plant or equipment furnished in rendering service to a customer shall be credited to the accounts charged with the cost of the plant or equipment".

Part 32 Section 32.5999(g) (the general section for the 6XXX expense accounts) states, "Reimbursements of actual costs incurred in connection with . . . obligations to make changes in telecommunications plant shall be credited to the accounts originally charged".

The nonrecurring tariff payments in question are designed to recover the in-place costs of the initial collocation construction. As such, they should be credited to the FRCs and FCs originally charged with the costs of construction. Capitalizing the initial construction costs and depreciating over the asset life while reflecting the reimbursement as revenue received in the current period would create a mismatch between revenues and expenses. Utilizing Account 9708 to accumulate construction costs and tariff reimbursements prior to reflecting gain or loss rather than

charging and later crediting the plant accounts prevents interim recovery from ratepayers through depreciation expense for amounts that will be reimbursed by interconnectors. It also prevents account balance fluctuations due to timing differences between when costs are incurred and tariff amounts are billed.

As stated, recovering variable initial construction costs through fixed nonrecurring tariff rates will result in gains or losses at individual central offices. These gains and losses must be netted in order to monitor the adequacy of the rates charged. Gains can not be taken to income and losses (unrecovered construction costs) capitalized to the plant accounts. Gains can not be credited to the plant accounts, because credit-balance retirement units would be inappropriate on the actual cost continuing property record. Gains and losses must therefore be reflected in an income account. Account 7160, Other Operating Gains and Losses, is the appropriate choice.

PARTITIONED ELEMENTS

ELEMENT	TYPE	FUNCTION	COST	RATE
(F) DS1 INTERCN. ARR	RECURRING	DS1 CROSS CONNECTION CABLE AND CABLE SUPPORT FUNCTION	\$7.82	\$16.71
		TERMINATION EQUIPMENT FUNCTION	\$54.70	\$115.27
		TOTAL	\$62.52	\$131.98
(F) DS1 INTERCN. ARR	NONRECURRING	DS1 CROSS CONNECTION CABLE AND CABLE SUPPORT FUNCTION	\$1,258.35	\$1,258.00
		TERMINATION EQUIPMENT FUNCTION	\$8,806.35	\$8,807.00
		TOTAL	\$10,064.69	\$10,065.00
(G) DS3 INTERCN. ARR	RECURRING	DS3 CROSS CONNECTION CABLE AND CABLE SUPPORT FUNCTION	\$6.89	\$23.04
		TERMINATION EQUIPMENT FUNCTION	\$233.71	\$781.96
		TOTAL	\$240.60	\$805.00
(G) DS3 INTERCN. ARR	NONRECURRING	DS3 CROSS CONNECTION CABLE AND CABLE SUPPORT FUNCTION	\$1,109.69	\$1,110.00
		TERMINATION EQUIPMENT FUNCTION	\$38,127.62	\$38,127.00
		TOTAL	\$39,237.31	\$39,237.00
(Q) TAC - SMALL	NONRECURRING	COMMON CONSTRUCTION FUNCTION	\$21,790.00	\$21,790.00
		ENTRANCE FACILITY INSTALLATION FUNCTION	\$2,815.00	\$2,815.00
		SECURITY INSTALLATION FUNCTION	\$11,741.00	\$11,741.00
		TOTAL	\$36,346.00	\$36,346.00
(Q) TAC - MEDIUM	NONRECURRING	COMMON CONSTRUCTION FUNCTION	\$30,265.00	\$30,235.00
		ENTRANCE FACILITY INSTALLATION FUNCTION	\$8,706.00	\$8,706.00
		SECURITY INSTALLATION FUNCTION	\$14,130.00	\$15,130.00
		TOTAL	\$53,101.00	\$54,071.00
(Q) TAC - LARGE	NONRECURRING	COMMON CONSTRUCTION FUNCTION	\$41,686.00	\$41,686.00
		ENTRANCE FACILITY INSTALLATION FUNCTION	\$24,605.00	\$24,605.00
		SECURITY INSTALLATION FUNCTION	\$5,196.00	\$5,196.00
		TOTAL	\$71,487.00	\$71,487.00

INSTRUCTIONS FOR TARIFF REVIEW PLAN

ROW INSTRUCTIONS:

- (1) LECs may add more rows, if needed.
- (2) Row 1: Total of Rows 2 through 20.
- (3) Row 23: Find Cost of Money (Percentage) = i by substituting i into the following equation:
Row #22 = $\text{@pmt}(\text{Row \#1}, i, \text{Row \#1} / \text{Row \#21}) - \text{Row \#21}$
- (4) Row 26: Total of Rows 27 through 32.
- (5) Row 34: Total of Rows 35 through 50.
- (6) Row 51: Sum of Rows 21, 22, 24, 25, 26, 33, 34.
- (7) Row 52: Row 51 / 12
- (8) Row 55: $(\text{Row 53} * 12) / \text{Sum}(\text{Rows 21, 22, 24, 25, 33})$
- (9) Row 56: Row 53 / Row 52